



**Confidential**

*Financial Offer Overview*

# PROJECT FIESTA

APRIL 4, 2001

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# **FINANCIAL OFFER OVERVIEW**

# PROPOSED TRANSACTION

Halcon is proposing to structure a merger with Salsa as follows:

## ► Transaction Structure

Class A holders receive \$12.25 per share in cash

Class B holders receive 0.864 shares of Halcon for each Salsa share

46.9% premium is paid to Class B holders over Class A holders (Based on 30-day average price for Halcon of \$20.84)

Aggregate consideration of 47.4 % in cash and 52.6% in stock

## ► Operating and Synergy Assumptions

(\$ in millions)

	Pro Forma <sup>(1)</sup>		
	2001	2002	2003
<b>Revenue</b>			
HALCON	\$267.0	\$299.0	\$334.9
SALSA	147.0	172.2	192.6
Synergies	0.0	11.0	25.0
<b>Pro Forma Combined</b>	<b>\$414.0</b>	<b>\$482.3</b>	<b>\$552.6</b>
<b>BCF</b>			
HALCON	\$120.0	\$143.2	\$169.8
SALSA	63.0	75.1	89.7
Synergies	0.0	25.2	38.1
<b>Pro Forma Combined</b>	<b>\$183.0</b>	<b>\$243.5</b>	<b>\$297.5</b>
<b>EBITDA</b>			
HALCON	\$111.3	\$134.0	\$160.0
SALSA	52.0	63.6	77.7
Synergies	0.0	28.5	41.1
<b>Pro Forma Combined</b>	<b>\$163.3</b>	<b>\$226.1</b>	<b>\$278.7</b>

(1) Halcon operating numbers are on a December 31 year end and Salsa operating numbers are on a September 30 year end. For purposes of this analysis the years are assumed to be equivalent.

## PRO FORMA OWNERSHIP

	Economic	Voting
<b>Salsa Ownership %</b>		
Salsa Class A	0.0%	0.0%
Salsa Class B	18.1%	23.0%
<b>Total Salsa</b>	<b>18.1%</b>	<b>23.0%</b>
<b>Halcon Ownership %</b>		
T. Family	10.2%	13.0%
CCU	21.3%	0.0%
Others	50.4%	64.1%
<b>Total Halcon</b>	<b>81.9%</b>	<b>77.0%</b>
<b>Totals</b>	<b>100.0%</b>	<b>100.0%</b>

## PRO FORMA CAPITALIZATION

(\$ in millions)

	Pro Forma	%
<b>Cash &amp; Equivalents</b>	<b>\$15.0</b>	
<b>Debt</b>		
9.625% Senior Unsecured Notes due 2009	\$235.0	6.5%
New Long Term Debt <sup>(1)</sup>	625.5	17.2%
<b>Total Debt</b>	<b>\$860.5</b>	<b>23.7%</b>
<b>Market Value of Equity <sup>(2)</sup></b>	<b>\$2,770.5</b>	<b>76.3%</b>
<b>Total Book Capitalization</b>	<b>\$3,631.0</b>	<b>100.0%</b>

(1) Assumes refinancing Salsa debt and funding acquisition with new bank debt.

(2) Based on Halcon 30 day average trading price of \$20.84.

# LEADING PORTFOLIO OF STATIONS REACHING OVER 90% OF THE HISPANIC MARKET

## HALCON

Market	Hispanic DMA	#AM	#FM	Mkt Revenue Share
Los Angeles	1	1AM	4FM	9%
New York	2	1AM	1FM	2%
Miami	3	2AM	2FM	15%
San Francisco	4	-	2FM	2%
Chicago	5	2AM	1FM	4%
Houston	6	2AM	5FM	10%
San Antonio	7	2AM	4FM	16%
San Diego	8	-	2FM	5%
Dallas-Ft. Worth	9	2AM	5FM	3%
McAllen, TX	10	1AM	2FM	28%
Phoenix	12	-	1FM	2%
El Paso	13	2AM	1FM	20%
Las Vegas	24	1AM	1FM	5%
<b>Totals</b>		<b>16AM</b>	<b>31FM</b>	

## SALSA

Market	Hispanic DMA	#AM	#FM	Mkt Revenue Share
Los Angeles <sup>(1)</sup>	1	-	4FM	2%
New York	2	-	2FM	7%
Miami	3	-	3FM	12%
San Francisco	4	-	1FM	-
Chicago	5	-	1FM	3%
San Antonio	7	1AM	1FM	6%
Dallas-Ft. Worth	9	1AM	1FM	-
Puerto Rico	NR	-	11FM	26%
<b>Totals</b>		<b>2AM</b>	<b>24FM</b>	

(1) Pro forma for acquisition of LA station.

# PREEMINENT HISPANIC RADIO BROADCASTER

## TOP HISPANIC RADIO GROUPS

(figures in millions, except stations)

### BY REVENUE

1. Salsa/Halcon	\$394.0
2. Entravision	71.0
3. Big City	30.7

### BY STATIONS

1. Salsa/Halcon	73
2. Entravision	67
3. Mega	20

### BY AUDIENCE <sup>(1)</sup>

1. Salsa/Halcon	14.5
2. Entravision	2.4
3. Big City	1.7

## TOP TEN RADIO GROUPS

(\$ in millions)

### BY REVENUE

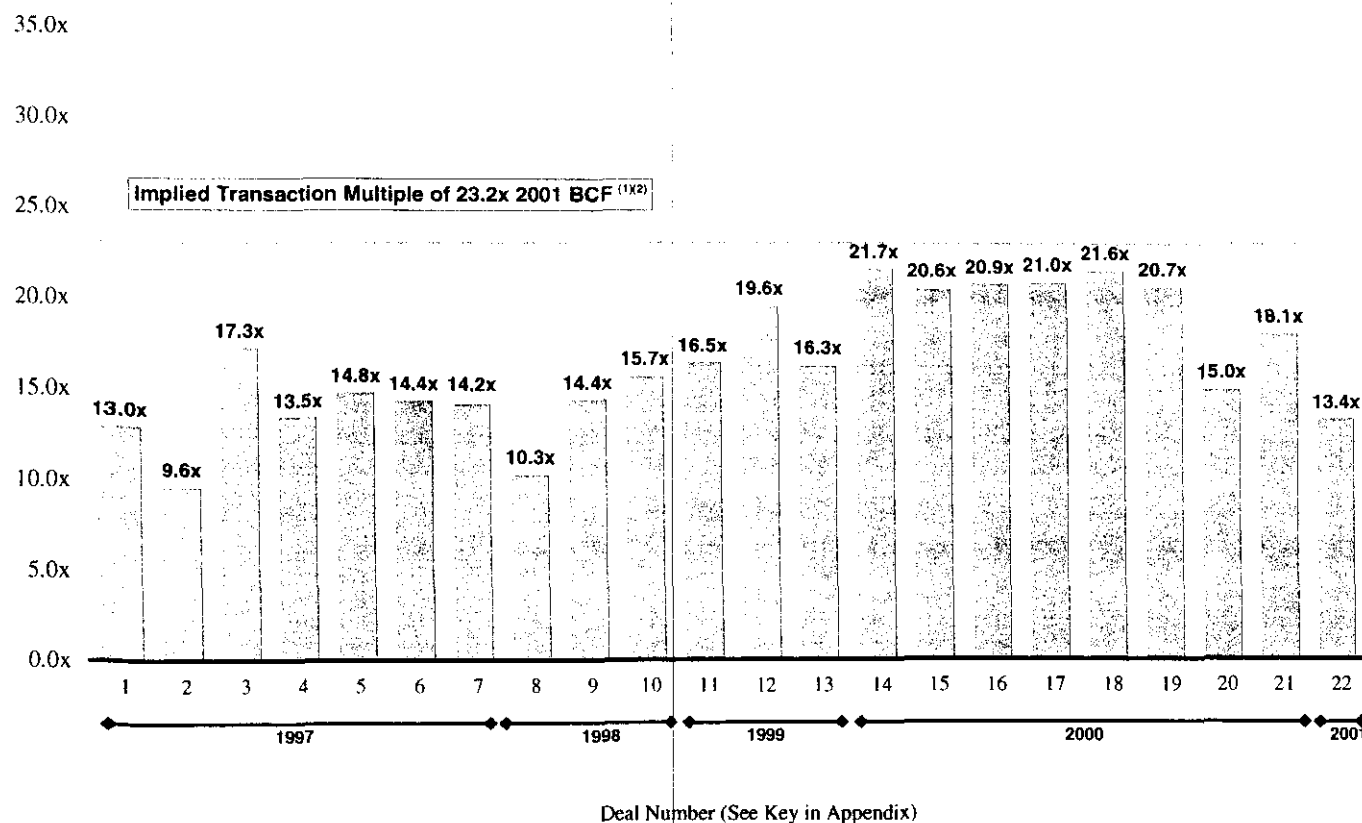
1. Clear Channel	\$3,520.7
2. Infinity	2,351.4
3. Cox	450.7
4. ABC Radio	435.6
5. Entercom	423.5
6. Salsa/Halcon	394.0
7. Citadel	354.4
8. Radio One	304.6
9. Emmis	284.2
10. Susquehanna	260.6

Source: Who Owns What, except for Halcon/Salsa revenue and station numbers, taken from Halcon estimates and public filings.

(1) Total metro come in millions, Fall '00.

# THE HIGHEST BCF MULTIPLE PAID IN THE RADIO BROADCASTING INDUSTRY

HISTORICAL BCF ACQUISITION MULTIPLES (1997-2001)



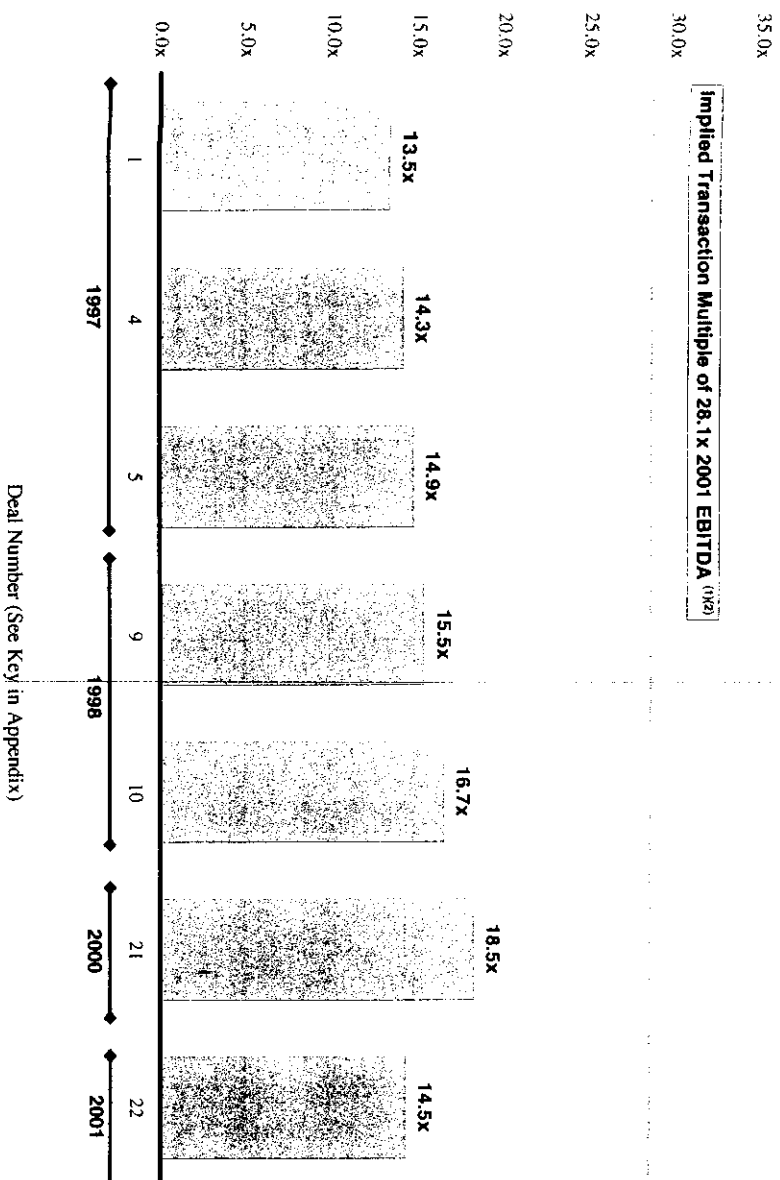
(1) Based on average closing price for last 30 trading days for Halcon of \$20.84.

(2) Assumes KFSG included in the capitalization without corresponding losses in 2001.



# THE HIGHEST EBITDA MULTIPLE PAID IN THE RADIO BROADCASTING INDUSTRY

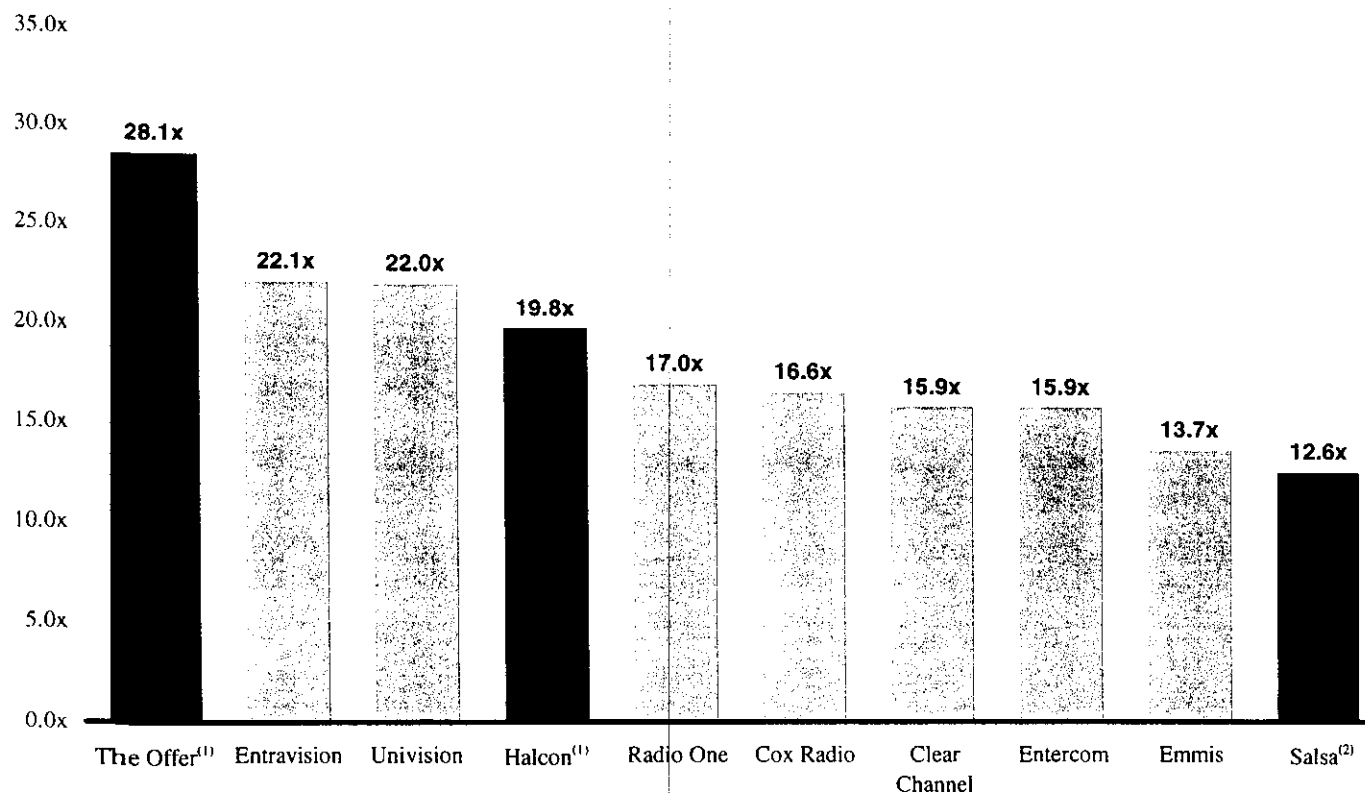
## HISTORICAL EBITDA ACQUISITION MULTIPLES (1997-2001)



- (1) Based on average closing price for last 30 trading days for Halcon of \$20.84.  
 (2) Assumes KFSG included in the capitalization without corresponding losses in 2001.

# TRANSACTION MULTIPLE IS AT A SIGNIFICANT PREMIUM TO CURRENT TRADING MULTIPLES

## 2001 EBITDA MULTIPLES



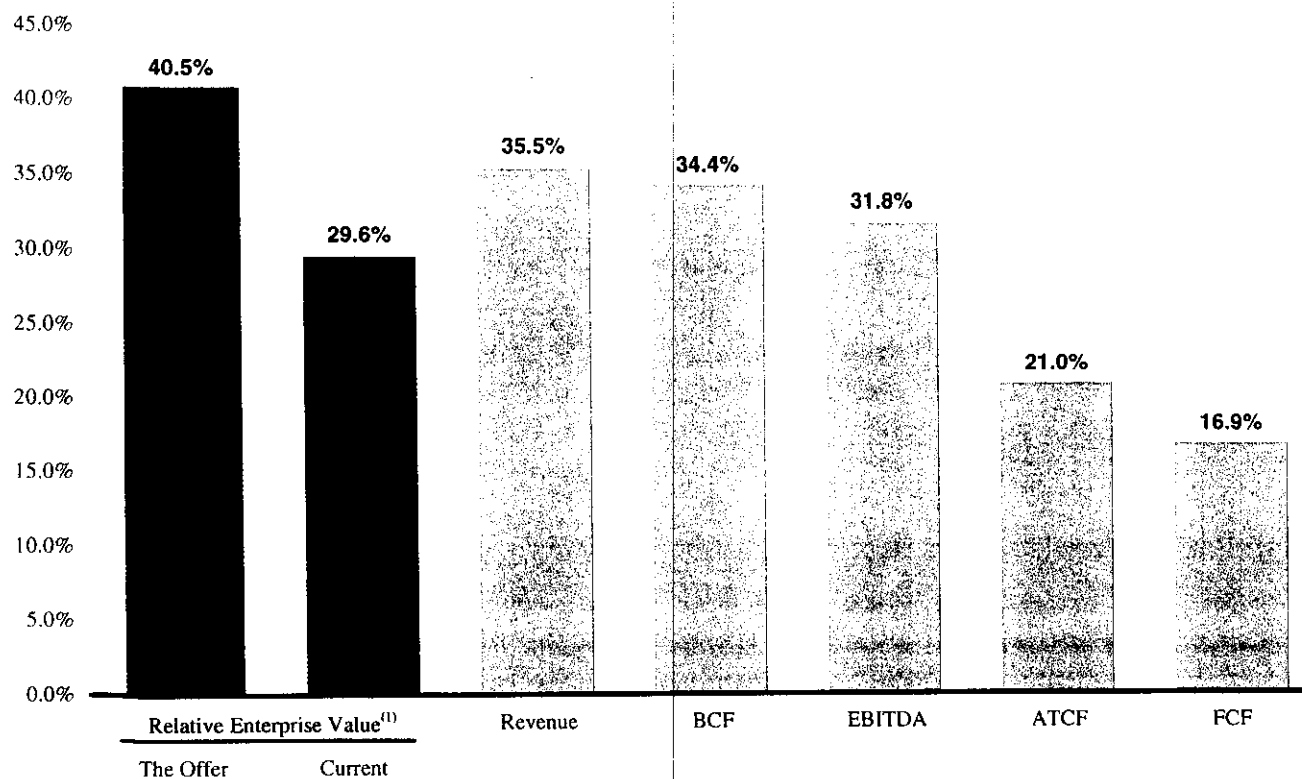
Source of EBITDA Projections: CSFB research estimates except for Salsa and The Offer, which are from Salsa management as modified by Halcon management.

(1) Based on average closing price for last 30 trading days for Halcon of \$20.84.

(2) Based on average closing price for last 30 trading days for Salsa of \$6.15.

# SALSA RECEIVES SUBSTANTIALLY MORE CONSIDERATION THAN ITS RELATIVE FINANCIAL CONTRIBUTION AND CURRENT MARKET VALUE

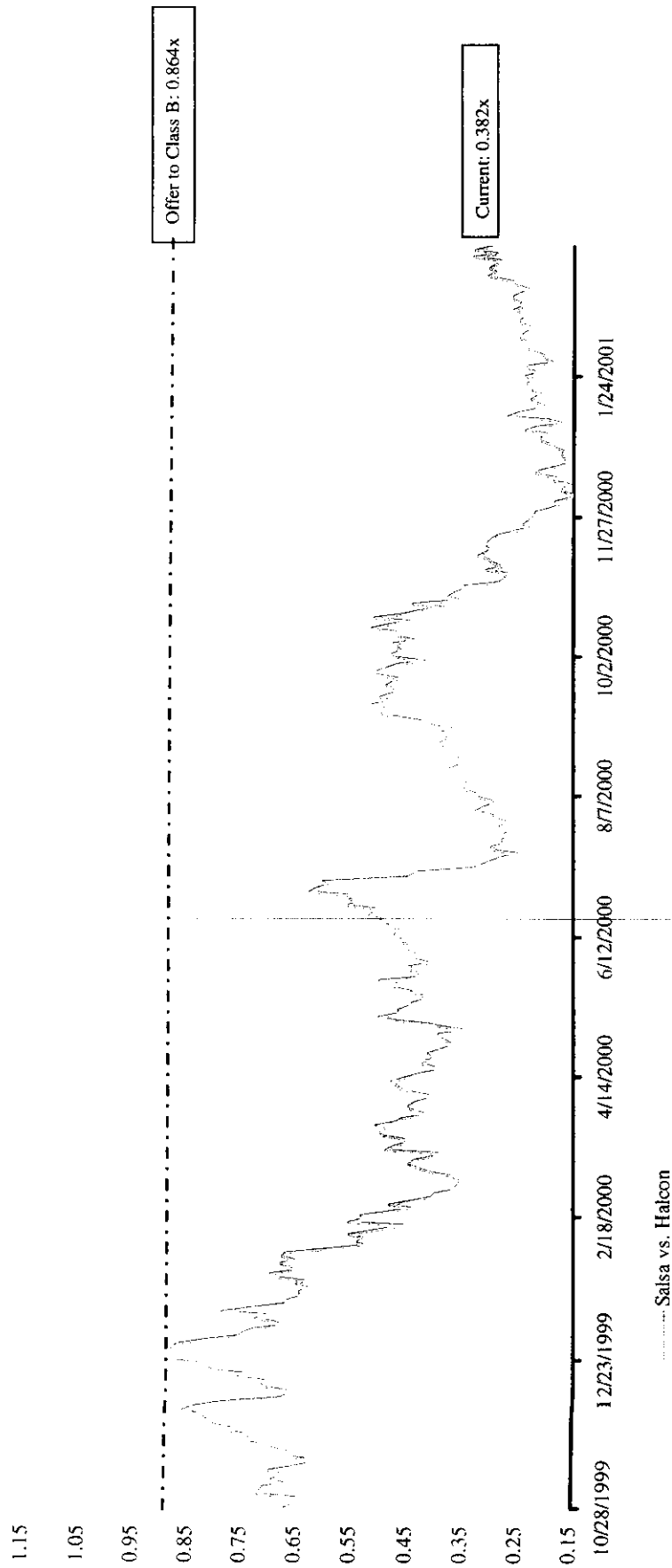
SALSA PERCENTAGE CONTRIBUTION TO 2001 OPERATING STATISTICS



(1) Based on average closing price for last 30 trading days for Halcon of \$20.84 and for Salsa of \$6.15.

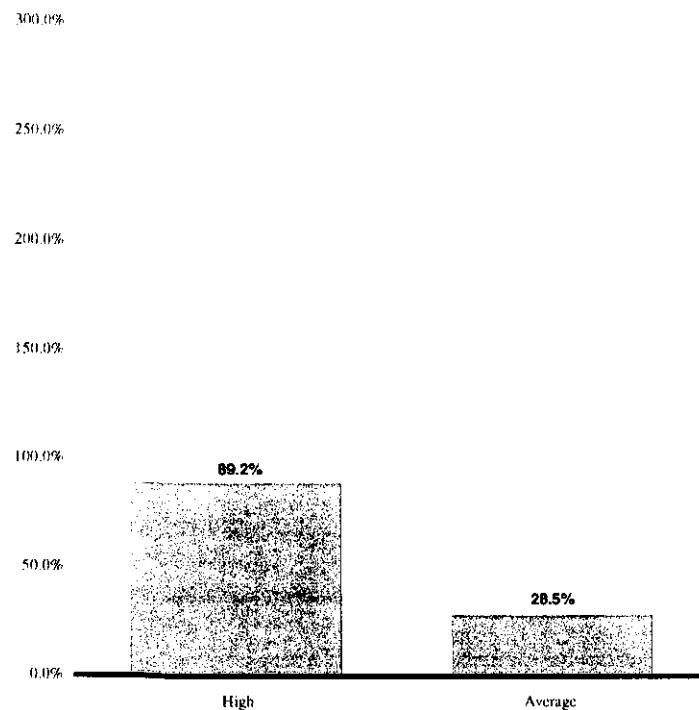
# SIGNIFICANT PREMIUM TO HISTORICAL EXCHANGE RATIO

DAILY FROM OCTOBER 28, 1999 - APRIL 2, 2001

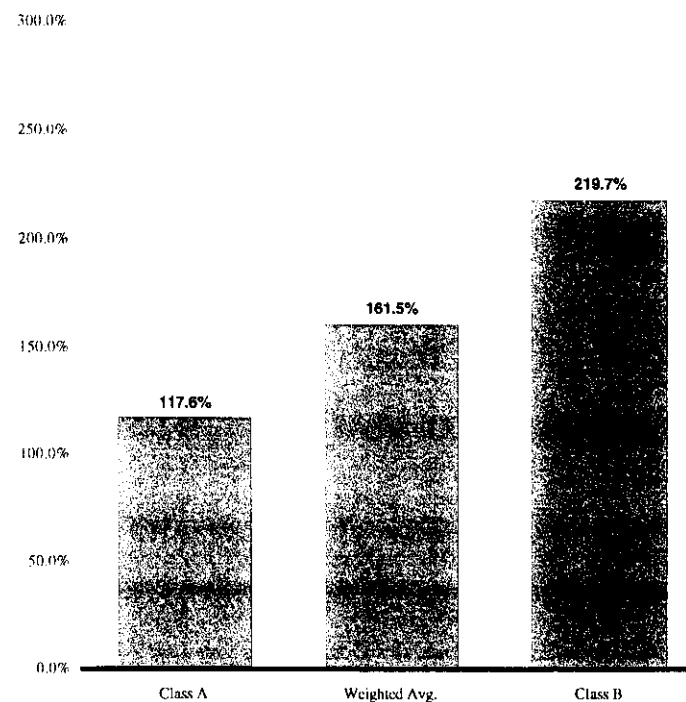


# SIGNIFICANT PREMIUM TO CURRENT SALSA SHARE PRICE AND TO INDUSTRY NORMS

ONE MONTH PREMIA PAID IN BROADCASTING INDUSTRY  
(1996-PRESENT)



ONE MONTH PREMIA PAID TO SALSA



# ACCRETION/(DILUTION) IMPACT

The proposed transaction would be approximately 1.8% dilutive to existing Halcon shareholders in 2002, assuming current estimates and excluding necessary one-time charges, requiring \$3.9 million of additional pre-tax synergies to break-even.

(in millions except per share amounts)

## TRANSACTION SUMMARY

Offer Price to Class A Shares	\$12.25
Exchange Ratio to Class B Shares	0.864x
Implied Offer Price to Class B Shares <sup>(1)</sup>	\$18.00
Equity Value	\$952.4
Enterprise Value	1,459.3

(1) Based on Halcon average closing price of \$20.84 for the last 30 trading days.

## IMPLIED VALUATION MULTIPLES

Enterprise Value /	
2001 BCF	23.2x
2002 BCF	19.4x
2001 EBITDA	28.1x
2002 EBITDA	22.9x

## PRO FORMA LEVERAGE STATISTICS

Total Debt	\$860.5
Net Debt	845.5
2001 Pro Forma EBITDA	\$163.3
Total Debt / 2001 Pro Forma EBITDA	5.3x
Net Debt / 2001 Pro Forma EBITDA	5.2x

## 2002 ACCRETION / (DILUTION) IMPACT

ATCF Accretion / (Dilution) per Share	(\$0.02)
ATCF % Accretion / (Dilution)	(1.8%)
Additional Pre-Tax Synergies Required	\$3.9
Additional ATCF Required to Break Even	\$2.3

# SALSA CLASS B SHAREHOLDERS WILL BENEFIT FROM SIGNIFICANT POTENTIAL VALUE APPRECIATION

(\$ in millions except per share amounts)

	Pro Forma Combined	Current UVN <sup>(1)</sup>	Halcon Historical Multiples <sup>(2)</sup>		
			3 Mos. Ago	6 Mos. Ago	12 Mos. Ago
Assumed 2002 EBITDA Multiple	16.0x	19.1x	21.6x	23.5x	41.7x
<b>Combined Company Statistics</b>					
Implied Enterprise Value <sup>(3)</sup>	\$3,616.0	\$4,318.0	\$4,883.1	\$5,312.7	\$9,427.2
Pro Forma Net Debt	845.5	845.5	845.5	845.5	845.5
Implied Equity Value	2,770.5	3,472.5	4,037.7	4,467.2	8,581.7
Pro Forma Shares	132.9	132.9	132.9	132.9	132.9
<b>Implied Price Per Share of Combined Halcon/Salsa <sup>(5)</sup></b>	<b>\$20.84</b>	<b>\$26.12</b>	<b>\$30.37</b>	<b>\$33.60</b>	<b>\$64.55</b>
<b>Implied Price Per Share to Class B</b>	<b>\$18.00</b>	<b>\$22.56</b>	<b>\$26.23</b>	<b>\$29.02</b>	<b>\$55.76</b>
<b>Premium to Salsa Stock Price <sup>(4)</sup></b>	<b>192.7%</b>	<b>266.8%</b>	<b>326.6%</b>	<b>371.9%</b>	<b>806.6%</b>

(1) UVN's 2002 EBITDA multiple as of April 2, 2001 based on closing price of \$37.33 is 19.1x.

(2) Based on Wall Street research estimates.

(3) Combined 2002 EBITDA of \$226.1 including synergies and KFSG.

(4) Based on Salsa 30 day average closing price of \$6.15.

(5) Based on 30 day average closing price for Halcon of \$20.84.

# APPENDIX



# HISTORICAL TRANSACTION MULTIPLES- REFERENCE

(dollars in millions.)

	Date Announced	Date Effective	Target	Acquiror	Purchase Price/ FYE1EBITDA	FYE1BCF <sup>(1)</sup>
1	02/18/97*	09/05/97	Chancellor	Evergreen	13.5x	13.0x
2	04/16/97	01/29/98	Patterson	Capstar	NA	9.6x
3	06/23/97	12/12/97	Paxson	Clear Channel	NA	17.3x
4	08/24/97	05/29/98	SFX	Capstar	14.3x	13.5x
5	09/19/97	06/05/98	American Radio Systems Corp	CBS Corp	14.9x	14.8x
6	09/19/97	06/05/98	Viacom	Chancellor	NA	14.4x
7	10/27/97	08/10/98	Nationwide	Jacor	NA	14.2x
8	07/24/98	03/24/99	Triathlon	Capstar	NA	10.3x
9	08/26/98	07/13/99	Capstar	Chancellor	15.5x	14.4x
10	10/07/98	05/04/99	Jacor	Clear Channel	16.7x	15.7x
11	07/26/99	12/16/99	Sinclair	Entercom	NA	16.5x
12	10/04/99	08/25/00	AMFM	Clear Channel	NA	19.6x
13	11/19/99	10/06/00	Sinclair	Emmis	NA	16.3x
14	03/13/00*	08/25/00	Clear Channel <sup>(3)</sup>	Cox	NA	21.7x
15	03/13/00*	08/25/00	Clear Channel	Salem	NA	20.6x
16	03/13/00*	08/25/00	Clear Channel	Infinity	NA	20.9x
17	03/13/00*	08/25/00	Clear Channel <sup>(2)</sup>	Radio One	NA	21.0x
18	06/15/00	08/25/00	Clear Channel	Emmis	NA	21.6x
19	06/05/00	Pending	Hearst Argyle	Emmis	NA	20.7x
20	06/08/00	Pending	Midwestern	Cox	NA	15.0x
21	10/30/00	02/21/01	Infinity	Viacom	18.5x	18.1x
22	01/16/01*	Pending	Citadel	Forstmann Little	14.5x	13.4x

\* Deals announced before March 31 use same year EBITDA and BCF multiples.

(1) Based on average FYE1 EBITDA and BCF from Wall Street Research estimates.

(2) Purchase price of Clear Channel divestitures to Radio One adjusted for Dallas station stick value is \$1,200 and would imply a 2000 BCF multiple of 19.4x.

(3) Purchase price of Clear Channel divestitures to Cox Radio adjusted for Houston stick station is \$350 and would imply a 2000 BCF multiple of 20.0x

# NEW SALSA OPERATING RESPONSIBILITIES

- Executive Management Committee
  - Vehicle for information sharing and problem solving; no governance functions
  - Full and unfettered access to all financial and operational information regarding all the Company's subsidiaries, divisions, and functional areas
  - Develop Long and Short Term Strategic Plans for the company for board approval
  - Develop policies for the company's operations, subject to CEO approval

# NEW SALSA OPERATING RESPONSIBILITIES

- Chairman of the Board
  - Schedule and preside over Board Meetings
  - Lead the Strategic agenda and discussion with the Board
  - Oversee mechanisms for the evaluation of Board and Committee performance

# NEW SALSA OPERATING RESPONSIBILITIES

- **President/CEO**

- Final responsibility for, and authority over, the strategies, policies and operation of the company, subject to Board oversight
- Responsibility and authority with respect to Salsa Radio delegated to President/CEO – Salsa Radio, subject to performance and conformance with Company policies and operational standards. With respect to Salsa Radio, it is understood that the CEO shall have 1) full and direct access to GMs and other managers, and 2) full and unfettered access to all financial and operational information.
- Acquisition/Divestiture authority for transactions under \$100 million
- Primary responsibility for external relations and financing strategies
- Reports to Board of Directors

# NEW SALSA OPERATING RESPONSIBILITIES

- President/CEO – Salsa Radio
  - Primary responsibility for the direction and strategy of the Radio group
  - Final responsibility for, and authority over, the sales and programming of the company's radio stations, subject to CEO oversight, including concurrence on management changes
  - Reports to CEO

# NEW SALSA OPERATING RESPONSIBILITIES

- Chief Operating Officer – Salsa Radio
  - Day-to-day responsibility for management and oversight of the company's radio stations
  - Direct reports include GMs, Programming, Sales, and Research
  - GS to be offered position, subject to removal by President/CEO – Salsa Radio for cause, including non-performance
  - Reports to President/CEO – Salsa Radio

# NEW SALSA OPERATING RESPONSIBILITIES

- Chief Financial Officer

- Primary authority for Financial, Accounting, Legal, and MIS matters, subject to CEO oversight
- Execute financing strategies for the company
- Negotiate and execute acquisitions/divestitures
- Oversee internal and external accounting
- Oversee MIS
- Investor and financial analyst relations
- Bank relations
- Treasury functions, cash management
- Reports to CEO

# NEW SALSA OPERATING RESPONSIBILITIES

- Sr. VP – Financial Operations
  - Oversee budget process
  - Oversee divisional controllers
  - Oversee budget and financial policy compliance at the operational level
  - Administer capital budget
  - Reports to CFO



## NEW SALSA – OTHER MATTERS

- Radio headquarters in Miami; Corporate headquarters, including accounting staff, in Dallas.
- Nominating committee – selected by and majority composed of independent directors. RA, Jr. and MT, Jr. co-chairmen. Initial composition agreed on by RA, Jr. and MT, Jr.
- Audit and Compensation Committees – Entirely composed of independent directors. Initial composition agreed on by RA, Jr. and MT, Jr.

# | OFFER LETTER

April 3, 2001

Mr. RA, Jr.  
Chairman, President and CEO  
Salsa

Dear Mr. A:

Halcon is pleased to submit this nonbinding proposal for the combination of Salsa and Halcon in accordance with the principal terms set forth below (the "Combination"). As we have discussed, a combined entity would have significant strategic merits.

Based on these considerations, we have structured our proposal as follows:

1. Consideration: Based on our preliminary review of the limited and general information that you have provided us, we would be prepared to offer to acquire all of the Class A common stock of Salsa for \$12.25 per share in cash and exchange 0.864 shares of Halcon common stock for each share of Salsa Class B common stock.
2. Governance: We propose that the governance of the combined company would be as described in Exhibit A attached hereto.
3. Structure of the Combination: The Combination would be accomplished by means of a one-step merger. The directors of Salsa would enter into agreements to vote their shares in support of the merger and agree not to support or participate in any competing offer.
4. Financing: Halcon has the capacity to finance the Combination. The Merger Agreement will not contain any financing contingencies.
5. Closing Conditions: The merger agreement will include standard closing conditions including receipt of regulatory approvals and accuracy of representations and warranties at closing. The parties will agree to use all commercially reasonable efforts to obtain all regulatory approvals. There will not be a "material adverse change" closing condition.
6. Non-solicitation: Salsa would agree not to solicit any other proposals through the closing of the Combination. Salsa will be permitted to respond to unsolicited offers and Salsa's board would be permitted to change or withdraw its recommendation of the Combination if its fiduciary obligations required it to do so, but not to terminate the definitive agreement.
7. Options: Each option or warrant to purchase Salsa Class A common stock will become exercisable for Halcon Class A common stock with the number of shares underlying such option or warrant multiplied by the exchange ratio of 0.588 (the implied Class A exchange ratio) and the exercise price per share immediately prior to the closing divided by 0.588.
8. Standstill: RA, Jr. will enter into a standstill agreement with the combined company in which he will agree for so long as he owns at least 10% of the outstanding voting securities not to, directly or indirectly, (a) acquire voting securities of the combined company, (b) participate in making or financing any

tender or exchange offer with respect to such voting securities or any proposal or offer for a merger or other extraordinary transaction involving the combined company, (c) solicit proxies or become a participant in such a solicitation in opposition to the board of the combined company, (d) deposit his shares in a voting trust or similar arrangement, or (e) publicly or otherwise request the combined company's board to amend or waive any provision of the standstill agreement.

9. Post-Merger Matters: The name of the combined company will be Salsa. At the closing, RA, Jr.'s and MT, Jr.'s employment agreements will be amended to provide for industry standard terms and compensation. If this results in a decrease in compensation for either party, appropriate, one-time cash payments would be made to compensate the individual.
10. Timing and Other Matters: Each of the parties would complete due diligence prior to the execution of definitive documentation. We expect to be prepared to execute such documentation as soon as possible after the decision to go forward with this proposal has been made. During such due-diligence and documentation period, we would expect both parties to be bound by a mutually agreed upon exclusivity arrangement whereby neither party would negotiate a similar transaction with any other entity. With respect to KFSG, Halcon needs a better understanding of the proposed transaction and would request that Salsa agree not to complete the purchase of the station without Halcon's prior written approval. Before signing definitive documentation, RA, Jr. and MT, Jr. shall agree on key management personnel at Salsa Radio, including without limitation, GMs, and heads of programming and sales.

We would be delighted to meet with you and your board to review the proposed transaction, and are prepared to do everything possible to bring the Combination to a rapid completion.

Very truly yours,